



REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 21 February some moderately positive external background formed on the Russian market. On Wednesday the US indices DJIA and S&P500 closed with an increase of 0.2%, the composite stock index of the Asia-Pacific region MSCI Asia Pacific added 0.1%. The uncertain positive changes of the markets were caused by ambiguous information regarding the intentions of the Fed to reduce the rate of normalization of monetary policy and the lack of specifics on the US-PRC trade negotiations. According to the minutes of the FOMC's meeting of 29-30 January, the governors of the Federal Reserve expect to complete the reduction of assets on the balance sheet of the Central Bank already this year, but they do not exclude that the cycle of raising interest rates can be continued. The media report on the progress in the trade negotiations between Washington and Beijing, but at the same time, experts allow their completion without a specific deal. At this stage, it is known that the parties are working on six areas of potential trade agreement on the most controversial issues, including forced transfer of technology and intellectual property rights. But, a source at Bloomberg said, no breakthrough is expected in these areas, but only attempts are being made to postpone the increase in the US duties on Chinese goods. April Brent futures traded at around \$67.2 per barrel, \$0.7 above our 20 February close. Oil quotes were supported by media reports about the reduction in OPEC exports to a minimum since 2005 and the announcement of the American Petroleum Institute about a smaller than expected increase in US fuel stocks.

For the most part of the trading session, the MOEX Russia Index, the index of emerging markets MSCI EM and the European Stoxx Europe 600 Index were in a small minus, on average, within half a percent. The pressure on the markets was caused by weak statistics, which provided new evidence of a slowdown in the global economy. In February, according to preliminary data, in the Eurozone the business activity index in industry fell below the threshold of 50 points, business activity decline in the industry of Germany accelerated – the PMI updated the minimum value since the beginning of 2016. In Japan, the industrial PMI in February fell below 50 points for the first time since June 2016. In the US, the Philadelphia business activity index in February fell below zero, to a minimum since May 2016, sales of homes on the secondary market in January decreased to a minimum since the end of 2015, data on orders for durable goods in December were worse than expected. At the end of the day, the loss of the MOEX Russia Index increased to 0.7% after strengthened negative changes of European markets and the start of trading in the US by a half-percentage decline in major indices.

During the trading session changes of the electric utilities sector index in general corresponded to the market. The main contribution to the final MOEXEU decline was made by shares of RusHydro.

ELECTRIC POWER INDUSTRY NEWS

The Government approved a restriction for regions to increase the grid tariffs

The Government of the Russian Federation approved the proposal of the Federal Antimonopoly Service (FAS) to limit the rights of regions to exceed the established threshold levels for electricity transmission tariffs, the FAS said in a statement.

Read full text: <http://www.bigpowernews.ru/markets/document87004.phtml>

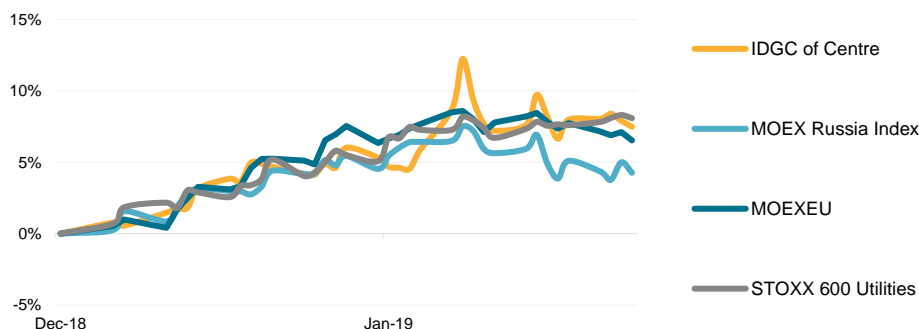
COMPANY NEWS

IDGC of Centre - the managing organization of IDGC of Centre and Volga Region discussed the creation of unified grid control centres as part of the implementation of the digitalization strategy

On 20 February, a working meeting of deputy chief engineers - heads of grid control centres (GCC) of branches of IDGC of Centre - the managing organization of IDGC of Centre and Volga Region was held on the basis of IDGC of Centre - Belgorodenergo division. The main theme of the event was the creation of the Unified Grid Control Centres (UGCC) in the Company's branches within the framework of the implementation of the "Digital Transformation 2030" Concept of ROSSETI.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/67347/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 470,23	-0,71%	4,26%
S&P 500	2 774,88	-0,35%	10,69%
FTSE 100	7 167,39	-0,85%	6,53%
DAX	11 423,28	0,19%	8,19%
DJStoxx 600	370,41	-0,28%	9,70%
Nikkei	21 464,23	0,15%	7,24%
Sensex	35 898,35	0,40%	-0,47%
CSI300	3 442,71	-0,27%	14,35%
Bovespa	96 932,27	0,40%	10,29%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	65,86	-0,52%	-5,20%
EURO/RUB	74,68	-0,18%	-6,01%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 323,63	-1,11%	3,21%
Brent*, USD/bbl	67,07	-0,01%	24,67%

* - April futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,3074	12,98	197,06
IDGC of Centre & Volga Reg	0,2849	32,11	487,54

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	-0,20%	8,08%
MOEXEU Index	-0,54%	6,53%
IDGC of Centre**	-0,39%	7,48%
IDGC of Centre and Volga Region**	-1,49%	7,51%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	0,10%	27,53%
FGC UES	-0,05%	10,44%
IDGC of Volga	-3,48%	3,32%
MOESK	0,21%	7,20%
IDGC of Northern Caucasus	-3,07%	-0,71%
IDGC of North-West	-1,50%	-5,05%
IDGC of Urals	-1,77%	8,23%
IDGC of Siberia	0,61%	60,88%
IDGC of South	0,91%	22,04%
Lenenergo, ordinary shares	0,00%	7,94%
TRK, ordinary shares	4,65%	16,88%
Kubanenergo	-2,86%	25,41%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers

Moscow Exchange (MOEX)

Bloomberg

Reuters

MRKC

MRKC:RM

MRKC:MM